Change Coming to Tax Centres

On November 17, 2016, the Minister of National Revenue (Diane Lebouthillier) announced the launch of “Service Renewal Initiative” for the CRA. The intent of the initiative is to streamline CRA processing activities and create three new National Verification and Collections Centres (NVCCs).

The initiative is a result of the increased use of electronic filing services (for both EFILE and NETFILE). Indeed we have seen a significant increase (approximate 55%) in the use of electronic services in the past decade. Last year, 84% of tax returns were filed electronically.

The CRA plans to hire more staff to provide “faster, more efficient processing and better handling of calls to call centres”. This sounds like good news, however there will be changes to, and consolidation of, call centres.

The CRA’s nine processing centres (Surrey, Winnipeg, Sudbury, Jonquière, Shawinigan, Summerside, and St. John’s, and the two specialized Ottawa sites - Ottawa Technology Centre and the International and Ottawa Tax Services Office) will be transitioned into seven specialized sites. The end result:

- The Winnipeg, Sudbury, Jonquière, and Summerside TCs will specialize in processing;
- The Surrey, Shawinigan, and St. John’s TCs will be converted to NVCCs. This coming filing season the St-John’s EFILE helpdesk will transfer to the Sudbury Tax Centre and Surrey’s EFILE helpdesk will be transferred to Winnipeg. We are assured by the CRA that the receiving TCs will have the additional resources required to handle the increased workload; and
- Some work from the two specialized processing sites in Ottawa will also gradually be consolidated to other sites across the country.

Changes to General Enquiries Line Queuing System

The CRA has implemented changes to the general enquiries telephone line system.

Under the new system, instead of receiving a busy signal when all agents are busy (and when the queue is full), callers are now given the ability to “self-serve” via an Interactive Voice Response (IVR) system.

Self-service options in the IVR include: requesting option C print outs and remittance vouchers; obtaining refund status; and getting RRSP deduction limits and TFSA information.

While the IVR system may be of limited use to EFILEs, it may “push” the general public to get requests filled via IVR (thereby freeing up the general enquiries line sooner).

According to the CRA, our ability to press the “*” key to bypass IVR messaging remains when the queue is not full.

We remain hopeful that this will be the final tax season where tax preparers are required to use the general enquiries line, as the Dedicated Telephone Service (DTS) for income tax service providers is expected to start operation in mid-2017.
Provided below is the text from a Private Members motion (M-109) issued on December 5, 2016 by Liberal Party Whip Andrew Leslie.

While Mr. Leslie is undoubtedly well intentioned, we submit that the M-109 proposal is misguided and is based on erroneous data.

For a number of reasons the EAC/ATC does not support the development of pre-populated tax forms or the provision of free tax software provided by the CRA.

The tax system is a self-assessment system, taxpayers should not let the CRA complete their tax return (and claim deductions, etc.) for them. This is a dangerous precedent.

Also, the government should refrain from crowding out the private sector in the economy. This motion threatens the livelihood of tens of thousands of Canadians involved directly in tax preparation industry and lessens innovation through the elimination of tax software development by the private sector.

Lastly, the government has a very poor track record at implementing IT solutions on a broad scale (the Phoenix Pay system debacle is a recent example).

The EAC/ATC is working with other stakeholder groups on this issue. We will keep you posted.

Text from Mr. Leslie’s introduction to his Private Members Motion: M-109

“MP Andrew Leslie tabled his Private Member’s motion M-109, tentatively titled A Motion to Simplify Tax Preparation and Increase Accessibility for all Canadians. This motion calls on the Standing Committee on Finance to study the possibility and practicality of the Canadian Revenue Agency (CRA) making filing taxes easier and more efficient using technology, specifically though the practice of automation, as well as offering Canadians the option of filing their taxes directly on the CRA’s website at no charge.

Additionally, the motion will ask the committee to explore why many Canadians do not regularly file their taxes. Data show that these are individuals who are generally economically disadvantaged and, subsequently, also stand to gain the most from federal and provincial benefits that are contingent on submitting a tax return.

Should the motion pass, the Standing Committee on Finance (FINA) would have one year to table a report on their findings.

My goal in tabling this motion is to strengthen Canada’s economy by creating a more user-friendly and efficient CRA experience, reduce barriers to the economically disadvantaged and increase tax compliance at overall lower costs to both the average citizen and the government. Government is often criticized for not adopting technologies as fast as they should. I see this as an opportunity for us to explore ways on how to use today’s technologies to benefit all Canadians. I look forward to presenting this motion in the House and sharing more information on why this motion is needed in the coming weeks.”

Background document and Key Issues provided by Mr. Leslie in support of his Private Members Motion: M-109

Backgrounder
Canadians spend between $19 and $25 billion annually on tax compliance (equal to 1.4 per cent of GDP), while the CRA spends $1.63 billion on reporting measures, as well as collections and returns compliance measures. This works to delay the reception of benefits on the part of taxpayers, while the cost to families acts as a drag on civic participation, and inhibits the on-time payment of taxes. Additionally, the administrative costs work to siphon resources from other CRA operating areas. Looking at ways to reduce these economic
hindrances will help to bring Canadian tax collection into the 21st century. If new and emerging technologies and techniques, such as the internet and automation, are properly harnessed, the goal of tax simplification and departmental efficiency can be attained.

Additionally, many Canadians, for cultural or institutional reasons, do not regularly file their taxes. Often, these are individuals who have low-income or are on the fringes of society. Unfortunately, these Canadians are the ones who stand to gain the most from federal and provincial benefits that are contingent on submitting a tax return.

It is the goal of this motion to strengthen Canada’s economy by creating a more user-friendly and efficient CRA experience, reduce barriers to the economically disadvantaged and increase tax compliance at overall lower costs to the average citizen and the government.

Tax Simplification - Statistics & Issues
- A total of 28.3 million tax returns were filed fiscal year 2014¹.
- 24% of income tax returns are still not filed electronically².
- Between $19 and $25 billion is spent in tax compliance annually (1.4 per cent of GDP)³.
- 17 million Canadians use a tax service⁴.
- The approximate total value of Canadian tax refunds is $1.7 billion⁵.

Key Issues:
- Increasing automation and pre-population would reduce the stress level of the taxpayer and increase the likelihood of taxes being paid on-time.
- Increasing automation and pre-population would not only ameliorate customer service and the end-user experience, but also will expedite tax refunds issued to citizens.
- The administrative costs associated with government compliance activities works to siphon resources from other CRA operating areas and therefore, increasing the amount of automation within the tax compliance process will allow the Canada Revenue Agency to move towards paperless processing, reducing its environmental impact and reducing costs associated with traditional postage.
- Increased automation will allow for greater access to tax benefits and refundable tax credits, such as the Canada Child Benefit (taxes must be filed even if there has not been earned income), the GST/HST credit, the working income tax benefit, the Child disability benefit, Children’s Special Allowances, and/or any provincially offered tax benefit.

Message from Elections Canada

Elections Canada approached the EAC/ATC and kindly requested that we remind tax preparers of the benefits of answering “YES” to the “Provide information to Elections Canada” question on page 1 of the T1 Return.

Answering “YES” authorizes the CRA to transfer a client’s name, address, date of birth and citizenship to Elections Canada to update the National Register of Electors.

The Register is used to create a voters list for federal elections, ensuring your client is registered to vote and that your client will receive information cards showing them where and when to vote in a federal election.

Important stuff in a democracy. ★
Welcome New Members to the EAC/ATC

We dedicate this section to all our new members. Welcome to the EAC/ATC!

Outlined below is an overview of the lobbying work the EAC/ATC completes on your behalf and how it is reported back to you.

The EAC/ATC has been representing tax professionals from all regions of Canada to senior management of the CRA for 24 years.

Formed in 1993, the EAC/ATC is a federally registered non-profit corporation with a membership that fully represents the EFILE industry: from sole proprietors to large nationwide firms.

One of the primary goals of the EAC/ATC is to facilitate the operation of a tax practice. Running a successful tax practice takes more than strong management and excellent technical skills - it requires coordination between the CRA and frontline administrators of Canadian tax policy.

The EAC/ATC is governed by a national 15 member Board of Directors elected by the membership of the EAC/ATC at the Annual General Meeting (AGM). Members of the Board of Directors serve renewable 3-year terms.

The AGM is held during the 3rd week of September. The location of the AGM alternates east and west across Canada to facilitate our membership in attending the AGM. Guest speakers present after our AGM (recent guest speakers include CRA Assistant Commissioner Dave Bennett).

Our primary methods of communication to the membership are through our IMPACT Newsletter.

The newsletter is published 3 times a year in January, July and November, and provides important updates on developments within the tax and EFILE service industry.

The January newsletter includes the annual EAC/ATC Membership Certificate ready for framing and displaying to your clients.

Membership to the EAC/ATC shows your commitment to excellence in tax preparation.

It certifies that as a member in good standing, you subscribe to the principles and objects of the EFILE Association of Canada.

The Principles and Objects of the EAC are to further and promote honesty, truthfulness, and integrity in the preparation and filing of tax returns and other financial information, and to discourage misleading and deceptive practices and thereby increase public confidence in the services offered by members.

The January newsletter also includes a copy of the EAC/ATC Desktop Calendar, a current copy of the CRA Tax Centre Phone and Fax Directory and a copy of the desirable annual EAC/ATC Tax Reference Manual.

In June of every year we survey our members and document the issues and irritants that hinder their work.

This information forms the basis of the EAC/ATC Annual Submission to the CRA and subsequent meetings with senior management of the CRA.

All members receive an e-mail of the EAC/ATC Annual Survey in June. Through the EAC/ATC, you have a voice with the CRA.

The July newsletter includes a summary of the issues and irritants submitted to the CRA. It also contains official notice of the upcoming AGM as well as the EAC/ATC Nomination form for the election of Directors at the upcoming AGM. At every AGM five vacancies are filled.

Our November newsletter provides a detailed summary of our AGM and subsequent meetings with senior management of the CRA. We also report on the results from the election of the Board of Directors at the AGM.★